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DCI/WORLD WIDE BRIEFING

Outlook for the Iran-Iraq War

1. The Iran-Iraq war has turned into a war of attrition and is not likely to end until either Iraqi President Saddam Hussein loses power, or the regime in Tehran changes its policies toward Iraq.

-- Iran has, at least temporarily, turned its attention from trying to mount a major invasion of Iraq to clearing out the small pockets of Iraqi occupied territory inside Iran and in seizing militarily significant high ground along the border. (This change occurred following their defeat and heavy losses--at least 15,000 and possibly as many as 25,000 casualties--east of Al Basrah in July 1982.)

-- As a result Iran has spread its forces out along the border over the past few months. (Map)

-- In October and November the Iranians captured high ground inside Iran along the border at Mandali and east of Al Amarah, where they also seized about 100 square kilometers of Iraqi territory.

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-- We expect Iran's next attack to be against the largest Iraqi-held salient inside Iran at Fakkeh, east of Al Amarah. Over the next few months, we expect the Iranians to follow with attacks against Iraq's other positions inside Iran at Naft-e Shah and near Qasr-e Shirin.

-- We believe that Iran will continue to push into Iraq as the tactical situation allows.

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2. The Iranians soon will be confronted with the decision whether to continue a low-level war of attrition or try another major invasion of Iraq (similar to their attempt at Al Basrah in July). Whatever the military strategy, Tehran has begun to construct the political base for bringing a fundamentalist Islamic government to power in Iraq.

-- In November 1982 Iran formed "The Supreme Council of the Islamic Revolution in Iraq" headed by Mohammad al Hakim, an Iraqi Shia cleric in exile in Iran. The Iranians expect the Council will rally opposition to Saddam Hussein and form the basis for an Iraqi government in exile.

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-- Iran also is trying to form military units from the estimated 50,000 Iraqi prisoners of war and the 50,000 Iraqis of Iranian descent expelled by Iraq since 1979.

-- The Iranians intend to set up guerrilla bases for this force along their border with Iraq and to carve out enclaves inside Iraq itself in which an Islamic revolutionary government of Iraq could operate.

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3. The principal Iraqi problem is sustaining the motivation of its troops to fight a seemingly endless war in which all offensive action is left to Iran. Military morale will be a key to both Iraqi staying power in the war and to Saddam Hussein's survivability. Although one cannot predict the course of Iraqi morale, it is noteworthy that most of the trends are negative.

-- Faced with unrelenting Iranian prosecution of the war and little likelihood of significant Iraqi victories, Saddam will find it increasingly difficult to prevent war weariness from critically weakening morale.

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4. Economic problems also are taking their toll on the regime in Baghdad and here again most trends are negative.

-- Oil exports now are 700,000 bpd, compared with more than 2.5 million bpd before the war began in September 1980.

-- Arab supporters--primarily Saudi Arabia--contributed some \$20 billion to Iraq between the beginning of the war and April 1982, but only \$400 million since then.

-- Iraqi foreign exchange reserves will fall to about \$5 billion by the end of this year, compared with some \$30 billion at the start of the war. The war alone costs Iraq about \$1 billion a month.

5. Nonetheless, continued Gulf state aid, fear among Baghdad's leaders that they must hang together or they will all go down, and continued control of the security apparatus, the military, and dissidence may enable the Iraqi regime to sustain itself.

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